



The Province of Alberta

IN THE MATTER OF THE PUBLIC INQUIRIES ACT

AND IN THE MATTER OF O/C 290/73, AN INQUIRY
INTO THE NEW TOWN OF GRANDE CACHE

N.R. CRUMP, Esq.,	Chief Commissioner.
T.H. PATCHING, Esq.,	Commissioner.
DAVID GRAHAM, Esq.,	Commissioner.

W.A. Stevenson, Esq.,	Commission Counsel.
J.G. Martland, Esq.,	For McIntyre Porcupine Mines Ltd.
Lorne Ingle, Esq.,	For United Steelworkers of America.

DATE: September 18, 1973

HELD AT: Edmonton, Alberta

VOLUME IX

(Pages 936 - 983)

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1-JH-1

PROCEEDINGS before the Board of
Commissioners, at the Law Courts,
City of Edmonton, Province of
Alberta, commencing at 9:30 a.m.
Tuesday, September 18, A.D. 1973.

MR. CRUMP: Well, good morning, gentlemen. I believe that we can have the resumption of the hearing of the Grande Cache Commission that has been adjourned for a few weeks now.

I understand, Mr. Stevenson, that you may only have witnesses for this morning.

MR. STEVENSON: That is correct, sir.

MR. CRUMP: And that we may again have to adjourn until the beginning of next week.

MR. STEVENSON: You will recall, sir, that Mr. Sabey had commitments, conflicting commitment this week, and the Commissioners agreed to adjourn after hearing the government evidence that was available. We have called that government evidence that was available this morning.

I would like to introduce to the Commissioners Mr. Lorne Ingle, who is counsel for United Steel workers of America, and is present today, and will be present, I expect, through the remainder of the hearings. He has been advised of the plan to adjourn, and we didn't bring him from Toronto unnecessarily.

There were a number of preliminary matters in connection with the provision of further information to the Commissioners that I wanted to deal with:

1-JH-2

B. Bloemhof - Stevenson Ex.

MR. STEVENSON: (Continued) in the meantime a Mr. Bloemhof representing the Alberta Wilderness Association has appeared with their brief. We have just been provided with it this morning. Mr. Bloemhof was apparently seconded last night and asked to deliver it to the Commission. With your leave I will ask him to come forward now and put this in, so that he may leave. He was seconded on very short notice. He is simply going to file it. I have examined it, and I don't think it will require much in the way of elaboration, it is fairly straight forward.

MR. CRUMP: That is satisfactory.

BERT BLOEMHOF, sworn, examined by Mr. Stevenson:

Q Mr. Bloemhof, you have been asked to represent the Alberta Wilderness Association, is that correct?

A Yes, last night on short notice.

Q Now, the Alberta Wilderness Association, what is their object, what is the purpose of their operation?

A This group mainly represents outdoor people, and they are attempting to preserve park land and set aside park land for outdoor use.

Q And they are interested in Willmore Wilderness Park in particular?

A Yes, they are.

Q And you have provided us with a copy of a book called Willmore Wilderness Park?

A That they produced.

Q Which they produced?

1-JH-3

B. Bloemhof - Stevenson Ex.

A Right.

Q And we are going to treat this as bibliographical material because it is not part of the exhibit, so I will leave it with the clerk.

And the Alberta Wilderness Association prepared a brief for this Commission, is that correct?

A Right.

Q And this is the original of that brief?

A Right.

MR. STEVENSON: Could we mark that, please, as Exhibit 26.

MR. CRUMP: Twenty-six.

BRIEF PREPARED BY THE
ALBERTA WILDERNESS ASSOCIATION
MARKED EXHIBIT 26.

Q MR. STEVENSON: I gather, Mr. Bloemhof, that the Alberta Wilderness Association sees Grande Cache as providing facilities for the wilderness use of Willmore Park and area?

A This is right.

Q They don't see it as developing more intensive use, motorized recreation or anything of that nature?

A This is true.

Q Is that true of the area outside of the wilderness park itself?

A They are mainly concerned with Willmore Wilderness Park itself at this time. They are also more or less opposed to, shall I say, further development of strip mining and this sort

1-JH-4

B. Bloemhof - Stevenson Ex.
- Patching Ex.

A (Continued) of thing in the park.

Q And do they anticipate that there will be a significant number of people using Willmore Wilderness Park as a wilderness park?

A Yes, they do. Judging by the number of people that are travelling, say, to Jasper National Park and Banff National Park, and the number of people that are using these facilities, and the mere fact that these facilities are being over used, there isn't facilities -- the facilities are being over taxed, shall I say, that they foresee a large number of people that are basically the back packing type, say the trail riding type, this sort of thing. They foresee a large amount, or a great amount of people going out into this area.

Q And does the association see the development of any tourist facilities away from Grande Cache?

A I think they are mainly concerned with the development of tourist facilities in the Town of Grande Cache. They more or less stated in the brief that a lot of people that are going back packing and this sort of thing will usually set up in the Town and prepare for their trip, and then come back, and probably stay another day, and buy all of their supplies in Grande Cache, or most of them.

MR. STEVENSON: Those are the only questions that I have.

MR. CRUMP: Mr. Ingle, have you any questions?

MR. INGLE: No, sir.

1-JH-5

B. Bloemhof - Patching Ex.

MR. PATCHING EXAMINES THE WITNESS:

Q Could I ask how many members there are in the Wilderness Association?

A I don't know the total membership in Alberta, but I do know that there are roughly 140 members in Edmonton.

Q Are these duespaying members?

A That is right.

Q Do you have any members in Grande Cache, or in that area?

A This I am not aware of. I am representing Dick Pharis of Calgary, and he is, I believe, the president of the organization.

Q Have you in your brief, or otherwise, any opinions about the development of the tourist industry outside of the park area?

A With respect to --

Q Development of tourist facilities, opening up roads, campsites?

A Outside the park area?

Q Outside the park area?

A You mean what area the AWA's feelings about this?

Q Yes.

A I think they are more or less in favour of this approach, although I do know that they are more for the preservation of Willmore Wilderness Park as a primitive type of park where motorized vehicles and such are not allowed.

MR. CRUMP:

I have no questions. You may stand

down.

(Witness retires)

1-JH-6

MR. STEVENSON:

Now, if I could pick up some of the items in the transcript which we have been able to follow up during the adjournment at this point; I am referring to the earlier transcript of the proceedings, and certain information has been provided by witnesses or obtained by Commission staff which I would like to record. At page 371 of the preceding transcript Mr. Resta was asked to provide some business prospectuses that the province had used to invite commercial proposals. Mr. Resta advises us that he has been unable to locate a copy of the original Department of Municipal Affairs Prospectus, but any information contained in it was duplicated in the later publications "The Alberta Resources Railway" and the copy of "A Land For Living", both of which are on Commission file, both of which were available to the Commission. That was the information that Mr. Resta gave us.

At pages 469 and 470 Mr. Gurel was asked the amount of contribution from the Department of Culture, Youth and Recreation towards the recreation center, and we have been advised that the contribution by the province directly is in the amount of \$15,740.00.

In Volume 6, page 694 Mr. Provost appearing on behalf of Alberta Power Limited was asked to provide some further information: at page 694 Commissioner Patching requested the cost of housing to be broken out of the forty-two million dollar investment by Alberta Power. We are advised that the cost of housing is \$844,000.00.

1-JH-7

MR. STEVENSON: (Continued) At page 697 the Chief Commissioner asked the cost of the transmission line to be broken out of the investment. The cost of the transmission line to Grande Prairie is three million twenty-one thousand dollars.

MR. STEVENSON: (continued) The line to Simonette is \$1,468,000 for a total of \$4,489,000 in transmission facilities.

At page 728 Commissioner Patching asked Dr. Wood about the forestry road from Muskeg being kept open all year round. We are informed that the road is open all year round, the Department of Highways snowplows it regularly.

At page 729 Commissioner Patching asked if the forestry road near the Cutbank River is available for public use, the answer is, "Yes, this road is open for public use. The license of occupation under which this road is occupied and constructed defines this requirement".

At page 887 some questions were put to Mr. Dixon of Canada Manpower respecting the source of the relocation grants and for the total figure of the cost to Canada Manpower of bringing in labour and training them at the McIntyre Porcupine operation. The answer is this: \$169,500 was expended to move 159 workers and their families into Grande Cache, \$105,500 was expended to move 107 family units out of Grande Cache when the workers were terminated. Under grants issued within the past twelve months the Government of Canada is still committed to honour applications for homeowners' allowances from recipients of Canada Manpower grants who provide proof of purchase. Claims for homeowner allowance could amount to an additional \$100,000 bringing the total paid under the Manpower mobility grants to \$375,000. An additional amount of \$5,000 has been expended to move clients to mining training courses.

MR. STEVENSON: (continued) "It is our understanding," Mr. Dixon goes on to add, "that this company has no consistent over-all policy of providing mobility systems to workers recruited."

The second question: Canada Manpower training program, approximately \$200,000 was expended by the Department for all forms of training including allowances paid to trainees during the period 1970 to 1973 when the layoff occurred. The total departmental expenditure for the training and movement of workers under these two programs was \$580,000. And that was the information provided by Mr. Dixon.

In addition Mr. Cooke from the United Steelworkers, who had presented the United Steelworkers' brief forwarded to us a copy of the Alberta Resources Railway brochure, which was the one to which he made reference to during his testimony, and he has submitted that as an exhibit.

Exhibit 27.

ALBERTA RESOURCES RAILWAY BROCHURE
MARKED EXHIBIT 27.

MR. STEVENSON: Mr. Cooke also wrote to the Commissioners in furtherance of his testimony, and I will extract the portions of that letter for the record as it becomes part of his testimony.

He says he promised to provide more details on specific areas.

"On page 9, the union asserts that major resource companies 'are content with the status quo'. This statement must be considered in the context of the entire brief, although it could appear related only to the issue

MR. STEVENSON: (continued) "of freight rates. This is our evaluation, and as such can have no other source."

I believe Mr. Cooke was asked to provide some of the source information.

He goes on to say:

"We cannot find mining companies that in recent years have joined the many complainants before the Canadian Transport Commission when rail policies are determined."

"We see no indication in public records and statements of McIntyre Porcupine Mines Limited that the company is devoting any serious part of its assets to research on new uses for coal."

"We have not heard resource companies promoting the idea of more secondary industry in the prairie provinces. They are content to sell the country's natural sources and energy to existing markets, domestic or foreign, no matter what the long-range consequences of such policies are for the economy of Canada."

"We are sure that mining company executives do not see such issues as their responsibility. This is the point of our submission."

It goes on to say:

"We are not alone in our judgement ... " and he refers to a recent book, "America Inc."

"These observations support our view, on page 25 of our brief, about the future uses of Alberta coal."

"We have been unable to determine the precise date of

MR. STEVENSON: (continued) "the lay-off at Canmore Mines.

"The source of the 'multiplier effect' quoted on page 12 is Coal Age, the industry magazine, for April, 1973. Such estimates are always highly speculative. The mining industry uses them frequently to point out how many jobs indirectly are created for new developments. Prof. Eric Kierans, for example, pointed out in his study for the Manitoba Government that the Mining Association of Canada's claim that '160,000 people are employed directly in mining, smelting and refining' cannot be substantiated by Statistics Canada records.

"The source of share ownership by Superior Oil Co." which is given on page 15 of his brief, "is The Financial Post Corporation Service." He says, "Financial Post's card on McIntyre Porcupine reports, 'Superior Oil Co. and its subsidiary, Canadian Superior Oil Ltd., at March 16, 1971, held 39.4 per cent share interest in McIntyre.'

"On page 16, the figure \$450 million is the amount of gross revenue McIntyre would have realized if it had completed its original 15-year contract with its Japanese customers." He gives the source of this figure comes from the company's 1968 annual report.

He goes on to say:

"The original price was \$18.72 a ton, and deliveries were to total 29,500,000 tons over the 15-year term. In 1971 and 1972 McIntyre actually delivered 2,743,000 tons. The union assumes the Japanese still require from some

MR. STEVENSON: (continued) "source at least as much coal as they originally contracted. Our brief reduced the figure to 'over \$500 million' to make comparison easier.

"The page 18 reference to McIntyre's decision 'to virtually give away' its reject coal or middling coal for steam to Alberta Power Ltd. points up the poor value the province gets for its natural resources from this 15-year sale by McIntyre. At the current low price per ton, McIntyre is indeed giving away the province's coal. The company might argue there is no other market for the steam coal nearby. In our view, the government, not McIntyre, should be the custodian of the province's resources. The government's 'okay' is tacit, we realize."

He goes on to say:

"McIntyre's report for the first three months of fiscal 1971 points to the 15-year Alberta Power contract in a general review of the coal division's (prosperous) future."

Now, those are the only items in respect of the transcript which we have with the exception of detailed breakdown by the Department of Health and Social Development, Mr. Strang, who advised us that that department had a budgeted amount of \$8,800 under the preventive social service program in Grande Cache, of that amount only \$5,780 was actually expended.

Now, we can proceed with the evidence. The first witness is Mr. Grothen, Department of

1-MA-6

T. Grothen - Mr. Stevenson Ex.

MR. STEVENSON: (continued) Manpower.

TOM GROTHEN, sworn, examined by Mr. Stevenson:

Q Mr. Grothen, I understand you are a labour relations officer with the Provincial Government?

A That is correct.

Q And what is your present position? What are you described as?

A Just labour relations officer.

Q And your work involves conciliation and mediation; is that correct?

A That is correct.

Q How long have you been with the present Department or its predecessor department involved in this work?

A Sixteen years with the Department, about ten of which has been as labour relations officer.

Q And I understand that you have been an inspector and resident inspector, and you have been involved in labour relations work since 1963?

A That is correct.

Q And that you were formerly employed in union work yourself?

A That is right.

Q Before joining the government?

A That is right, sir.

Q And also you had some experience in industry and personnel work?

A That is correct.

Q Now, you prepared for the Commission a written submission of your experience in the matters that concern us here; is that correct?

1-MA-7

T. Gothen - Mr. Stevenson Ex.

A That is right.

Q And is this your submission?

A That is my submission, sir.

MR. STEVENSON: We will mark that as Exhibit 28.

SUBMISSION ENTERED BY TOM GROTHEN,
DEPARTMENT OF MANPOWER, MARKED
EXHIBIT 28.

Q MR. STEVENSON: I understand, Mr. Grothen, that you were involved in negotiation of a contract between the Union and Management in early October of 1972; is that correct?

A That is right.

Q And what was your role at that point?

A Conciliation officer.

Q What was your function? How were you carrying this out?

A The two parties were unable to resolve their differences in the contract and requested the appointment of a conciliation officer, and I was appointed.

Q During the negotiations was there any concern about the question of safety in the mine as part of the negotiations?

A Yes, sir. Safety came up quite frequently.

Q In what way?

A At one point the men advised me that unless the mine did do something with regard to safety that there would be a total walk-off within the mine.

Q Did you discuss this with the company?

A Yes, I did.

Q And with whom?

A It was Mr. Ron Neuman, the counsel for the company; Mr. Murray,

1-MA-8

T. Gothen - Mr. Stevenson Ex.

A (continued) the mine manager; and Mr. Richardson, and then there were several others of the supervisory people available as well.

1-DA-1

T. Grothen - Stevenson Ex.

Q And what was the company's position with respect to these complaints?

A Well, they advised me that as far as they were concerned, and as far as the mine inspector was concerned, the mine was safe and that there was no problem with regard to safety.

Q Now, I take it that in October, about the middle of October, you then became involved with a threatened work stoppage, or an actual work stoppage.

A This was an actual work stoppage.

Q And how did that come to your attention?

A As I recall, the work stoppage occurred, the Union was involved with -- in contacting our department, and I was sent up by Mr. Desterre, the Chairman of the Board.

Q D-e-s-t-e-r-r-e, the Chairman of the Board of Industrial Relations; that is correct?

A That's right.

Q And with whom did you meet?

A I met with, representing the company, again, was Mr. Neuman, Mr. Murray, Mr. Richardson, several others. Representing the Union was Mr. Berezowski.

Q B-e-r-e-z-o-w-s-k-i.

A Mr. Farmer, Mr. Oaks, and there were several others on the Safety Committee of the same Union.

Q It was the Safety Committee that you met with?

A That is correct.

1-DA-2

T. Grothen - Stevenson Ex.

Q And had there been a stoppage at that point?

A Yes, there had been. The stoppage, I think, had been on for about four days at this point.

Q And did you take part in trying to resolve that stoppage?

A Yes, I did, sir.

Q And, was there some dispute as to whether or not it was a legal or illegal stoppage; was that part of the controversy?

A That is correct. The company was claiming that it was an illegal strike because the men were refusing to work, the employees were contending that it was a lock-out, they were using it, if I'm not mistaken, section 375 of the coal mines. Whereby, they proceed into the portals and when they find an unsafe area they do not have to proceed any further until such time as the portal is made safe. The company was indicating that it was safe, and, therefore, sending them home because they refused to pass this point.

Q What did you do in connection with these allegations?

A Well, I made several attempts just to get the men back to work, telling them that we would then try to resolve the problem. When this failed, I found that the local mine manager, Mr. Shaw, was in the area --

Q Local mine inspector.

A Or, I'm sorry, mine inspector. And I suggested that we meet with him to try and determine whether or not the mine was safe. The men stated that they weren't too concerned about

1-DA-3

T. Grothen - Stevenson Ex.

A (Continued) what Mr. Shaw would say, but they did agree that we meet with him. I picked two from the company, which was -- I can't recall who it was. One of them was Mr. Neuman, their counsel, and two men from the Safety Committee, and we met with Mr. Shaw.

Q Were you able, then, to get this situation resolved, or were further steps taken?

A No. I questioned Mr. Shaw as to the safety factors of the mine, he stated that in his opinion the mine was safe and could continue in production. After considerable amount of discussion, the men told me that they didn't care what he was saying, that they were not going back in the mine until it was proven that the mine was safe by someone other than Mr. Shaw. They had absolutely no faith in him at all.

So I contacted Mr. Desterre, my superior, and requested that he try to have either another inspector or someone from the -- or, the Chief Mine Inspector come out and inspect the mine, because the men were not going to go back until someone else came up there and checked that mine out.

Q And during this interval, did the company apply for a declaration that the strike was illegal?

A Yes, they did.

Q To the Board?

A That's right.

Q I take it that as a result of your conversations, Mr. Kubin,

T. Grothen - Stevenson Ex.

Q (Continued) K-u-b-i-n, the Acting Director, came out to conduct an inspection.

A That's correct, sir.

Q And it was following that that the number 5 mine was closed down for some work.

A That's right.

Q Now, there was, then, I take it, actually a written agreement that the men would go back to work, or a memorandum.

A There was a memorandum signed. This was after Mr. Kubin's report came out.

Q Who arranged for that to be signed?

A Mr. Desterre did, sir.

Q Mr. Desterre himself?

A That's right.

Q And attached to your brief, Exhibit 28, is a memorandum of agreement between the company and the mine workers.

A That's right.

Q And, were you involved in discussions about an undertaking that no retaliatory action would be taken?

A Yes. This was on my first trip up there, that this agreement was reached.

Q And who gave you that undertaking?

A Well, the company did, through their counsel, Mr. Neuman.

Q That they would take no retaliatory action against any of the employees?

1-DA-5

T. Grothen - Stevenson Ex.

A That is correct.

Q And was this agreement, memorandum of agreement, then carried out, as far as you know?

A No. I was asked to come back up at a later date again. There was the one portion here -- yes, number 4, paragraph 4 of that memorandum, the Union contended the company was not living up to this section of the memorandum and requested that I come back up again.

Q And that was the agreement to implement immediately a program designed to improve supervisory procedures both in the technical safety field as well as in the area of employee relations.

A That is correct.

Q And did you go back up?

A Yes, I did.

Q With what response?

A Well, when we arrived back at the mine site and met with the representatives of the Union and the Company, we thought that there would only be two or three items that were, in fact, causing problems. But if I recall, there was somewhere around the area of thirty items. And the company was contending that some of these had been taken care of, or they were in the process of taking care of them. And, since there was such a large amount, I told the men that we couldn't make any progress at that time and I wanted a full written report from the Union, with copies supplied to myself and the

1-DA-6

T. Grothen - Stevenson Ex.

A (Continued) management, and then the management given the opportunity to review the Union's problems and supply an answer both with copies to myself and to the Union and then we'd get together, I think it was the 13th of the month. To try to resolve whatever items of difference there was between them.

Q That was the 13th of January this year?

A January, that's correct.

Q And that meeting never took place and the letter was never forthcoming, I gather?

A No, it did not, sir.

Q Do you know why that was?

A Well, right after the time that I was up there on this problem with regard to paragraph 4, the number 5 mine was closed down.

Q Did you talk to the company about this problem when you were up in January?

A You mean with the safety --

Q With anybody in the company, when you were up in January.

A Oh, yes. We met with representatives from management as well as Union.

Q And was there any indication to you that number 5 was going to be closed then?

A None whatsoever.

Q Now, in dealing with the union and the concern it expressed in respect to safety, are you satisfied, from your

1-DA-7

T. Grothen - Stevenson Ex.

Q (Continued) observations and experience, that that was a genuine concern?

A Yes, sir.

Q Did the company indicate willingness to cooperate with you?

A They always -- yes. They were always cooperative with me.

Q Could you find some explanation for this problem between the company and the Union, with respect to safety?

A Well, this -- I don't know whether it was just the production -- it seemed the company, at the point -- when I talked to the men and the company, when I would bring up any of the points concerning safety, the company seemed more concerned with the production rather than the safety aspect of it.

Q And there was no discussion with you of the plan to close number 5 mine?

A No, there wasn't, sir.

Q And was there any advance warning to the Department that you were aware of?

A To the best of my knowledge, no, there was no advance warning.

Q Now, in the discussions in October, did the company indicate to you what it felt the condition of the number 5 mine was?

A Yes, they said number 5 was a safe mine and that production could carry on.

Q That was in October?

A Yes.

Q And that was after Mr. Shaw had made his inspections,

1-DA-8

T. Grothen - Stevenson Ex.

Q (Continued) presumably?

A That is correct.

Q Was there any indication given to you that the mine could not be kept in safe working condition, or that there was any basic problem with its operation at that time?

A From the company's point --

Q From the company's point of view?

A No.

Q What about from the point of view of the men, was there any indication that the mine could not be made safe?

A Oh, yes, the men were very concerned, they said the mine could be made safe and should be.

Q Did you have any involvement after the closure of the mine, Mr. Grothen?

A No, none. I had been in just slight conversations with the Union up there, just to see what progress was being made, but --

Q Was there a meeting with your Minister?

A Yes, there was.

Q Were you present?

A I was present.

Q Who was present at that meeting?

A That was Dr. Hohol, there was the Chairman of the Board, Mr. Desterre, the Deputy Minister, Mr. Gardner, myself. And for the Union, I think Mr. Farmer, Mr. Oaks and Mr. Baskin, I think, of the Alberta Federation of Labour, and Mr. Eugene

1-DA-9

T. Grothen - Stevenson Ex.

A (Continued) Mitchell was there as well.

Q Was anybody from the company present there?

A No, there was not.

Q And you weren't further involved after that?

A No, sir, I was not.

Q Those are all the questions I have of Mr. Grothen.

MR. CRUMP: Thank you. Mr. Ingle, have you
any questions of the witness?

MR. INGLE: No, I haven't, Mr. Commissioner.

MR. CRUMP: Thank you.

MR. STEVENSON: Sir, Mr. Martland was called out
because of a proceeding in another court. I would not like to
have Mr. Grothen go without Mr. Martland having a chance to
question him. It's just an unfortunate occurrence --

MR. CRUMP: Well, Mr. Martland has not heard
the evidence.

MR. STEVENSON: He has the brief, though.

MR. CRUMP: I see.

MR. STEVENSON: Could I ask Mr. Grothen to wait
just a few minutes to see if Mr. Martland --

MR. CRUMP: Well, I would assume he would like
to see the transcript, not having been present.

MR. STEVENSON: I don't know. I just noticed that
he had left.

MR. CRUMP: Well, you stand down, Mr. Grothen,
for the time being.

1-DA-10

J. Engel - Stevenson Ex.

MR. STEVENSON: Would you mind waiting a few minutes, Mr. Grothen, please.

(Witness stands down.)

MR. STEVENSON: Mr. Engel.

JIM ENGEL, sworn, examined by Mr. Stevenson:

Q Mr. Engel, what is your present position with the Province of Alberta?

A I'm officially a Special Projects Officer with Travel Alberta on loan to the Minister's office, and in that capacity I am acting as Assistant to the Minister of Consumer Affairs and he is also responsible for the Travel Industry Program.

Q You are responsible to the minister in charge of the responsibility for travel in Alberta?

A That's right.

Q Tourism in Alberta?

A Right.

Q And the department, I understand, has recently been restructured to establish three departments, is that correct; or three branches?

A Yes, that's basically correct.

Q And what are those branches, Mr. Engel?

A The branches involve a Research and Development Branch, a branch in Information and Counselling and a branch in Marketing.

Q And approximately when was this division set up, or this branch set up?

1-DA-11

J. Engel - Stevenson Ex.

A Well, it has been in the process of development probably since the fall of 1971.

Q And prior to that time, was there any department of government exercising those three functions?

A I can't say there was specifically, in the sense that they were separate branches established to carry out those functions, but I would assume that the previous travel bureau, under the Department of Industry and Commerce, had responsibility for some of those functions. Certainly in the areas of marketing, promotion and so on.

Q Now, I ask you, Mr. Engel, to determine whether your department or its predecessor had any record of any kind of study or investigation having being made of the economic viability or the economic prospects of the tourist industry in the Grande Cache area; did you?

2-JH-1

J. Engel - Stevenson Ex.

A There have not been any previous studies conducted as far as I am able to ascertain, with the exception of the one study which we commissioned a couple of months ago to Hospitality Systems Research to do that specific objective.

Q But about the time the Town was formed in 1966 when studies were taken then by the Department of Municipal Affairs there was no investigation or analysis or reporting done by your department or its predecessor?

A To my knowledge that is correct.

Q And you have attempted to inquire to see if that is right?

A Right.

Q The Department of Municipal Affairs, of course, may have undertaken some investigation?

A Yes.

Q Now, up until now, or up until recently has the department that you're now in ever been involved in economic studies as to determining the viability of the tourist industry in a given community, or studied the potential of the tourist industry?

A Not to my knowledge with respect to the economic viability of the industry in a specific geographical area of the province, although some studies have been conducted with respect to trying to ascertain the economic impact of tourism generally to the province, and we assume that some of those results would apply also to specific geographical areas as well as to the province generally.

Q And is this also a fairly recent step?

2-JH-2

J. Engel - Stevenson Ex.

A Yes. The study which was conducted by Kates, Peat, Marwick, a survey of resident and non-resident travel was conducted and reported to us in 1971.

Q And that was dealing with the province as a whole?

A That is correct.

Q And it was a survey of expenditures and numbers of people in parties and that sort of thing, numbers of people in parties travelling and their expenditures, and number of days in the province, that sort of thing?

A That's right.

Q Now, in connection with the Town of Grande Cache, up until this spring, had there been any information within your department as to tourism development, or the prospects for tourism development in that community?

A I am sorry, you said had there been any information in our department?

Q Yes?

A In what respect, sir?

Q Well, again I am concerned with economic studies; any economic information?

A Specifically relative to Grande Cache?

Q Yes?

A No.

Q I take it that recently the department commissioned such a study?

A That is correct.

Q Now, does the department have its own resources to undertake

2-JH-3

J. Engel - Stevenson Ex.

Q (Continued) economic studies at the moment?

A Not really.

Q And if I were to indicate to you a concern to determine whether or not tourism was economically viable in the community and the extent of that economic viability, how would you go about trying to determine that, or could you determine that?

A Well, we would have to determine first of all whether we are in a position to undertake that kind of a study internally or whether we would in fact have to contract it out to some agency outside of our department who has some capability in both economic analysis and in trying to measure the impact of the tourist industry.

Q And is it possible to, from your experience, your observations, to make that kind of a study which can give you a comparatively solid economic information?

A That is perhaps a bit judgmental, I think that within reasonable parameters I think that is possible, although I wouldn't want to say that the evidence or the results that one would obtain is, you know, entirely empirical -- empirically conclusive.

Q There is an element of judgment involved in assessing this kind of a study?

A Well, I wouldn't suggest it is judgment so much as it is to the extent to which you can get reliable data, and the extent to which you can get reliable and valid projections of that data, to come up with the information.

2-JH-4

J. Engel - Stevenson Ex.

Q Now, Hospitality Systems Research Limited was specifically instructed by the department, by your department, by the Minister, to undertake a study in connection with Grande Cache?

A That is correct.

Q And they have provided an interim report?

A That is correct.

Q Dated September, 1973?

A M-hm.

Q Is that correct?

A That's right.

Q And this is a copy of that report, is it?

A That is a copy of the report.

Q And that has been submitted to you by Hospitality System Research Limited as their interim report?

A That is correct.

Q And when is their final report due?

A Likely in December or January of -- December of this year or January of 1974.

MR. STEVENSON: Would you mark that as an exhibit, please?

MR. CRUMP: Exhibit 29.

INTERIM REPORT OF HOSPITALITY
SYSTEMS RESEARCH LIMITED
MARKED EXHIBIT 29.

Q MR. STEVENSON: On the first page of that study or the first page with the material on it, the terms of reference are referred to; is that the terms of reference that

J. Engel - Stevenson Ex.

Q (Continued) were given to them?

A Those are the terms of reference that were assigned to Hospitality Systems Research, right.

Q And their interim report dealt with two questions, "Does the Grande Cache area possess the general resources required to develop tourism as a second industry", and "What would the impact of the proposed alternate highway routes be"?

A Those are the areas that we wanted them specifically to report on in the interim report, that's right.

Q And I take it that this report will be, together with the final report, will be designed to give information to the government on which they can make policy decisions, that is the object of it?

A That is the object of the report, right.

Q And the question of assessing the validity of this report will fall ultimately on your department, is that right?

A Yes, that is correct. We will likely also utilize the services of the Economic Research Branch of the Department of Industry and Commerce, which has a section that deals primarily with tourism research, and we will likely use that particular branch for assessing the validity of the report.

Q And I take it, Mr. Engel, from what you have told me that there is no internal information with respect to the community, that you're relying on this consultant to give you the fact -- all of the fact basis that is required to make a decision as well?

A That is essentially correct.

2-JH-6

J. Engel - Stevenson Ex.
- Patching Ex.

Q So that you can't from within the department question the fact information that is given to you in this report from your own records or information?

A No, I think -- that is right.

Q I am not going to ask you to second guess your minister as to the opinions that you would form on the policy. Those are all of the questions I have.

MR. CRUMP: Mr. Martland, have you any questions?

MR. MARTLAND: No questions, Mr. Chairman.

MR. CRUMP: Mr. Ingle?

MR. INGLE: I have no questions, Mr. Chairman.

MR. PATCHING EXAMINES THE WITNESS:

Q I would ask you, Mr. Engel, if your department has taken any definite action at this point towards developing anything in the line of tourism in that area, aside from commissioning your study, has there been any positive action at this time?

A Towards developing tourism in the Grande Cache area?

Q Yes?

A At this stage, outside of the commission report, I would say no.

Q Do you have any plans for working with the motels or the Chamber of Commerce there to develop the publicity or --

A I think that would depend on the direction which the ministers and cabinet wish to take once the report in fact is submitted and we determine whether or not tourism is in fact an economically viable thing to pursue. I think we have

2-JH-7

J. Engel - Patching Ex.

A (Continued) to determine the answer to that question first before we, you know, essentially proceed on any promotional work, because to proceed on promotional work with respect to tourism if in fact the report suggests it is not a viable industry, I think, would be probably premature on our part.

Q This would apply to any representation that might be made about roads or facilities in that area at this stage?

A I am sorry, I don't follow exactly what the implication is?

Q I am wondering if this applies also to your department perhaps making recommendations to other government departments, say, roads, forestry for the development of the tourist facilities?

A Well, I am aware that Mr. Dowling has in fact made some representation to the Department of Highways and Transport with respect to the alternate road routes which are being proposed. I don't believe a decision on that has been made, but his recommendations with respect to a routing are known by Mr. Copithorne.

MR. PATCHING: Thank you.

MR. CRUMP: Mr. Engel, we appreciate you coming today. We have heard a good deal of tourism before this Commission both in Grande Cache and here, and we find it exceedingly difficult to, shall I say, put a handle on it. It seems to be an ephemeral subject when one looks for sound and solid economic data, it is very difficult to obtain, or at least that has been our experience so far. So that we shall appreciate any help your department can

2-JH-8

MR. CRUMP: (Continued) give us to look at this important aspect.

Thank you for coming, Mr. Engel, you may stand down.

(Witness retires)

MR. STEVENSON: There is one other formality that I wanted to deal with, sir. The Commission instructed Mr. John Boyd --

MR. CRUMP: May I interrupt for a moment, Mr. Stevenson, Mr. Martland is here and we have been holding Mr. Grothen.

MR. STEVENSON: I am sorry, but what I would like to do is to give Mr. Martland -- to speak to Mr. Martland at a moment's adjournment, and I was just going to get this finished, and it would probably be an appropriate time for an adjournment. Could we adjourn now for a few minutes?

MR. CRUMP: At this time?

MR. STEVENSON: Yes.

MR. CRUMP: I think perhaps we should then.

MR. STEVENSON: We can free Mr. Grothen then.

MR. CRUMP: If Mr. Martland has any questions on the brief, which I understand he has, he should take advantage of it when Mr. Grothen is here.

MR. STEVENSON: That is correct.

MR. CRUMP: Not on his evidence, of course, because Mr. Martland was not here while he gave his evidence.

MR. STEVENSON: I will speak to him now, if that would be all right.

MR. CRUMP: We will adjourn for 15 minutes.
(Hearing adjourned at 10:30 a.m.)

T. Grothen - Mr. Martland Ex.

(Hearing reconvened at 10:55 a. m.)

MR. STEVENSON:

Mr. Grothen, would you please take the stand.

TOM GROTHEN, recalled on his former oath, examined by Mr. Martland.

MR. GRAHAM:

It is understood, Mr. Grothen, that you are still under oath?

A Yes, sir.

Q MR. MARTLAND:

Mr. Grothen, may I apologize firstly for not being here earlier when you were giving your testimony, unfortunately I was called out on another matter.

Sir, I have one or two questions I would like to ask of you concerning your brief, which has been filed as Exhibit number 28. In particular I am referring firstly to page 2 of that exhibit, and near the top of the page you state:

"In the meetings subsequent to my appointment it became obvious that the membership were very distrustful of Management ... "

Did you find that the atmosphere between the employees and management was abnormally tense?

A Yes, sir. I felt that when I got up there that it was actually a hostile attitude between the management and the union representatives.

Q This was something quite out of the ordinary so far as you were concerned?

A Well, it is not entirely out of the ordinary. You do find it in certain types of negotiations, but it seemed to be a little

A (continued) more prevalent here.

Q Sir, at the bottom of that same page, page 2, you state:

"Management stated that there was nothing to their allegations and that the mine was perfectly safe for production."

Did they give any reasons as to why they held that opinion?

A Yes, it was because of the local mine inspector, Mr. Shaw, had indicated in his report that it was safe in his opinion.

Q So they were depending on what the mine inspector had told them?

A I would have to agree that they would be depending on this.

Q And this was a person, this Mr. Shaw, that was employed by a government agency for the purpose of inspecting coal mines; is that correct?

A That is right, sir.

Q Sir, referring now to page 3 it is stated at one point:

"The Union did, however, admit that the work stoppage was a result of the Company using the Coal Mines Act to discipline the employee as they had on other occasions in the past ... "

Was there some suggestion by the employees that this was an improper procedure?

A No. The employees had indicated to me before that when they tried to have certain work done with regard to safety, they would try to use The Coal Mines Act. The company would, in their opinion, choose to ignore The Coal Mines Act, but when they wanted to discipline their employees, then they would enforce The Coal Mines Act in this regard.

T. Grothen - Mr. Martland Ex.

Q So that it was merely saying that if the company is going to use The Coal Mines Act for disciplining, then also they would look to The Coal Mines Act for safety?

A That is correct.

Q On page 3 also you say that:

"The Union made it clear that they had no faith in the District Mine Inspector and requested that I attempt to bring in someone else to inspect the mine."

This would be Mr. Shaw?

A This is Mr. Shaw.

Q Was some reason given, or reasons given as to why he was not a person they could trust?

A You mean insofar as the Union was concerned?

Q Yes.

A Yes. The Union indicated that there were electric cables in the mine that should be pulled and repaired, and this evidently is supposed to be a form of vulcanizing, and that the company was using just the straight electricians. This is one of the examples, they used several like this.

Q And because of these examples, and because the inspector had seen these things, they felt they couldn't trust him?

A That is right. They also indicated that they had brought certain safety things to his attention, and they felt that he had ignored them.

Q Was there any personality problem as between the Union people and this particular inspector?

A This I don't know. I thought that possibly this was what the

T. Grothen - Mr. Martland Ex.

A (continued) problem was, that it was a personality problem, but when they indicated to me that they were not going back into the mine until someone else came up, and I contacted Mr. d'Esterre to see if someone else could inspect the mine. So it would indicate from the report that it wasn't necessarily a personality problem.

Q In the light of what Mr. Kubin later reported on?

A Yes.

Q On page 5 of Exhibit 28 you mention that you had suggested to the Union that they list their complaints in writing. You said to your surprise you found there were some 25 to 30 complaints. Was such a list ever compiled?

A No, it wasn't, sir.

Q And this was because of the subsequent events?

A Closing of No. 5, that is correct.

Q Finally, sir, on page 6 you mention that you found there to be a distinct lack of communication between management and labour. Was this a mutual thing as between both the company and labour, or did you feel it was more the fault of one side than the other?

A No, I think both sides were at fault. It seemed to me that there was more of a breakdown from the management side.

MR. MARTLAND: I have no further questions, Mr. Grothen. Thank you very much.

MR. CRUMP: Mr. Ingle, is there anything written there that you would like to question?

MR. INGLE: No, thank you, Mr. Chairman.

K: Broadfoot - Mr. Stevenson Ex.

MR. CRUMP: Thank you. Any re-examination, Mr. Stevenson?

MR. STEVENSON: No, sir.

MR. CRUMP: Thank you for coming, Mr. Grothen, you can stand down.

(Witness retires.)

MR. STEVENSON: Mr. Broadfoot.

KEN BROADFOOT, sworn, examined by Mr. Stevenson:

Q Mr. Broadfoot, I understand that you are the Executive Director of Regional Services for the Provincial Department of Industries and Commerce; is that correct?

A That is correct.

Q And your superior is the Assistant Deputy Minister; is that correct?

A That is correct.

Q And that is Mr. Wenzel?

A That is right.

Q And we made inquiries of Mr. Wenzel, and he submitted this information to the Commission. Have you seen this?

A Yes, I have.

Q And that is over Mr. Wenzel's signature presumably? Yes?

A Yes.

MR. STEVENSON: Exhibit 30.

LETTER DATED SEPTEMBER 11, 1973, FROM MR. WENZEL TO MR. HARFORD WITH "COMMUNITY ECONOMIC DEVELOPMENT PROGRAM" ATTACHED, MARKED EXHIBIT 30.

Q MR. STEVENSON: Now, Mr. Broadfoot, I understand that you have only recently joined the government; is that correct?

2-MA-6

K. Broadfoot - Mr. Stevenson Ex.

A That is correct.

Q And your experience was in private enterprise prior to joining the government?

A That is right.

Q You have been employed with Imperial Oil Limited for a number of years?

A Fifteen years.

Q Now, have you made inquiries to determine whether or not this Department or its predecessor conducted any investigations or studies into the economics of industrial development in the community of Grande Cache?

A Yes, we have.

Q And have there been any studies undertaken prior to this time?

A Not to our knowledge.

Q Now, does the Department now have some policy of the development or attraction of industries to communities such as Grande Cache?

A We have recently developed a program which is called "The Regional Services Program", which would apply to many communities including which would be Grande Cache. The program has not started, however, the planning work has been going on for the past three months. We are about ready to start.

Q Is it intended to extend this program to the Grande Cache area?

A Yes, it is.

Q And in broad terms what will this program involve?

A The first part of the program is on a community-by-community basis, or specifically for Grande Cache, is to determine what the commercial profile of the community is, and from that analysis, or at least from that, an attempt to determine what gaps there

K. Broadfoot - Mr. Stevenson Ex.

A (continued) are in the commercial structure of the community. I am talking about stores, men's stores, trucking firms, shopping centres, the whole gambit of commercial enterprises.

Once we had that we would attempt to list what we would call opportunities for the community to pursue or to attract to Grande Cache.

At the same time we would attempt to identify those special things about Grande Cache which would allow it to attract industry, or secondary manufacturing, or natural resource processing of some type. I have no idea what will come of this, if anything. Hopefully there would be some opportunities which Grande Cache could pursue, and it would be our idea to start this within the next year.

Q So that what your Department provides in these kinds of situations where there is interest in a community in altering its economic base is essentially an appraisal of the potential and some assistance in attracting it; is that correct?

2-DA-1

K. Broadfoot - Stevenson Ex.

A Potential -- I would rather use the word "needs" of the community. Potential as well.

Q What --

A And the answer is yes to the rest of the question.

Q What kind of economic assistance is available to carry out the program of developing a new industry or secondary industry, such as Tourism or Forestry or something like that; what sources of assistance are available?

A There are provincial programs, mainly the Alberta Opportunity Company, the Alberta Opportunity Fund, which is a five hundred million dollar fund for assisting Alberta Enterprise. These are loan funds. That's one program. Another program, which would apply to Grande Cache, would be the Federal DREE type programs, Department of Regional Economic Expansion, where they have incentive grants for industry and also participate in infrastructure, social development programs --

THE COURT REPORTER: What was that first one, I'm sorry?

A Infrastructure, that refers to the roads, the sewers, the streets and all the things that a community requires, schools, hospitals. Those are the two main things.

There are quite an arm long list of programs which the Federal Government has, related to research and development, technological improvements and so on, but I don't know that they would apply here.

Q Given a case calling for the strengthening of viability of a community, what can your department do? Can you indicate the kinds of things that can be done, what can anyone do, from your experience or the department's experience, in fulfilling that request?

A Well, what can we do? Well, we would do as I described before, attempt to indicate what the needs and opportunities are, potentials are. For the commercial development kinds of things, we would make it known throughout the province that these opportunities are available to Albertans or anyone else in Grande Cache.

For example, if it was known that there was a plumber required in Grande Cache, we would probably identify that throughout our regional offices and throughout the province. I might add that our means of advertising has not been put into a program state as yet, either, but that's the sort of thing we would do.

Now, so far as an industrial kind of opportunity for the community, if it was, for example, the processing of iron ore pellets or something like this, that came out of the Peace River country, this would have to be the subject of a fairly large feasibility study, which I couldn't predict how long it would take or when it would come. But this is the kind of thing that our department would do. And that's only one example, there might be -- I heard one the other day, fish farming, where somebody was looking at Grande

K. Broadfoot - Stevenson Ex.
K. Broadfoot - Patching Ex.

A (Continued) Cache, and on and on. But I can't predict, sir, what these opportunities would be.

We would attempt to examine them and then provide feasibility studies and attempt to locate people who are interested in investing money in the area for the opportunities which we uncovered.

Q As of now, the Department has no information as to the potential, in that community, for tourism and logging or any kind of industry of that nature?

A No accurate potential, no, or information, rather.

Q And no work has been done in that regard?

A No. Not to my knowledge, sir.

Q Those are all the questions I have.

MR. CRUMP: Mr. Martland, have you any questions?

MR. MARTLAND: I have no questions, sir, thank you.

MR. CRUMP: Mr. Ingle?

MR. INGLE: No questions.

MR. PATCHING EXAMINES THE WITNESS:

Q I am just wondering, Mr. Broadfoot, whether your department has looked into any programs that have been developed elsewhere within a community that were threatened with reduction in activity. I am thinking of, say, of communities like Glace Bay, Cape Breton Island or Elliot Lake in Northern Ontario, when the uranium mines were cut back. Have you reviewed any

2-DA-4

K. Broadfoot - Patching Ex.

K. Broadfoot - Crump Ex.

Q (Continued) programs of that sort and seen if that has been done?

A We have not reviewed them, but that does not mean that that wouldn't be a logical step. I think it would be, if we found that situation with Grande Cache. But we haven't done it simply because we haven't started our program at all for Grande Cache.

Q That's all, thanks.

MR. CRUMP EXAMINES THE WITNESS:

Q Well, essentially, as I understand it, Mr. Broadfoot, this program has now been set up, but you have not done any work on it as yet.

A We are just beginning.

Q Any practical work.

A No, we have not begun any practical work, sir. There has been some preliminary work done in the odd town, but we just basically finished the planning process.

Q Well, the two questions that have come before the Commission for quite some time now, the possibility of a fish hatchery and a lumber development, you haven't done anything on that?

A No, sir.

Q And Mr. Engel gave evidence that if and when the report is received on tourism, that the economic impact would be done within your department; is that the normal practice?

A I'm not sure.

Q Well, we'll follow that up.

2-DA-5

K. Broadfoot - Crump Ex.

A I would say yes, sir, we would be involved.

Q I was wondering how close the cooperation is between your department and the Department of Tourism, if there is a separate Department of Tourism.

A Well, it's very close. It used to be part of the Department, sir, until just recently. And I would think that we would cooperate very closely.

Q Well, thank you, Mr. Broadfoot, that's all.

A Thank you.

(Witness stands down.)

MR. STEVENSON:

That's the last witness that was to be called this morning, sir. I wanted to deal with one other formality. The Commission retained, as an expert Consultant Mr. John Boyd. Over the summer, McIntype Porcupine Mines Limited indicated an interest in retaining Mr. Boyd's company, John T. Boyd Company of Pittsburg, in connection with certain work, and Mr. Boyd and the company quite properly consulted the Commission with respect to the propriety of this engagement, in view of Mr. Boyd's prior engagement by the Commission. And, as a matter of record, I would like to file, as an exhibit, the correspondence relating to that appointment, and to express on the record here, the position that the Commission took; namely that it would not, in any way, interfere with or impede the company's attempts to obtain expertise of that nature, it being understood, and everyone seems satisfied on this point, that this would not, in any way,

(Continued) restrict Mr. Boyd's independence in connection with the matters in respect of which the Commission had retained him, which were different subjects of inquiry or professional investigation. And I have three letters from Mr. Johnson, of McIntyre Porcupine Mines; from Mr. Fulton, of McIntyre Porcupine; and Mr. Harford, on behalf of the Commission, regarding the approval of the Commission. And I would file those as Exhibit 31.

MR. CRUMP:

Thank you, would you do that.

THREE LETTERS FROM MR. JOHNSON,
MR. FULTON AND MR. HARFORD MARKED
EXHIBIT 31.

MR. STEVENSON:

Now, sir, in view of the

arrangement made, that Mr. Sabey had a conflicting commitment this week, we have scheduled the other witnesses, primarily the company witnesses, commencing next week, and we anticipate that the Hearings will proceed starting Monday until the completion, and carry on until the completion of all witnesses. There are two government witnesses who were unavailable this week, both being out of Edmonton, one out of the province, and they will be called. In addition, there is some government evidence dealing with the technical matters, particularly safety, and Mr. Sabey had indicated his wish to be present when their evidence is given. Those are employees of the Energy Resources Conservation Board, and they will be called at the commencement next week.

MR. CRUMP:

That closes it for today?

MR. STEVENSON:

That closes it today, sir.

MR. CRUMP:

I would like to merely say, to reiterate to a degree, what Mr. Stevenson has already said, that the Commission will adjourn until nine thirty next Monday morning, September the 24th, at which time we will hear the remaining evidence of those who wish to offer evidence and those who will be called, and the Hearing will be continuous and close at the end of the evidence that is to be heard in the next session of Hearings.

Thank you very much, gentlemen.

The Hearing stands adjourned.

(The Hearing adjourned at 11:15 a.m.)

